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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information and Records
Washington, D. C.

No. 48

October 13, 1934.

TO FARM JOURNAL EDITORS:

The following information is for your use.

DeWitt C. Wing Francis A. Flood
DeWitt C. Wing and Francis A. Flood,
Specialists in Information.

1934 FARM INCOME EXCEEDS THAT OF 1933 BY MORE THAN \$1,000,000,000

Following are excerpts from an address on October 12 in St. Paul, Minn., by Chester C. Davis, Administrator of the Agricultural Adjustment Act:

"Benefit payments are one factor contributing to increased farm income Rising prices are another. The substantial increase in hog prices and the higher prices of grains, dairy and poultry products are factors in the confidence with which farmers and business now look toward the future.

"Circulation of farm income brings life-blood to the business of thousands of communities in states that are dominantly agricultural. Business in these areas lives on crops and prices for farm products.... Benefit payments are contributing an important part to the maintenance of business in the agricultural states, particularly where crops were destroyed by drought.

"Business right now, we are told, wants security more than anything else. Business in the agricultural states is getting a liberal application of security in the distribution of benefit payments.

"A part of what the consumer pays for bread, meat, cotton goods and tobacco goes to pay the farmer for the raw material that he furnishes - his crops. The market price for a bushel of wheat, or a load of hogs, and the processing tax on the wheat and the hogs, combine to make up the farmer's returns. The market price goes alike to the cooperating and the non-cooperating farmer, under the adjustment program. Proceeds from processing taxes on a commodity go only to the cooperating farmers who have agreed to do their part toward the adjustment of production for the benefit of all producers of that crop. These proceeds are distributed by the government in the form of what the law itself calls benefit payments. These payments are just as much a part of the farmer's earned income as the market price he receives. They are not gifts or subsidies. The consumer has paid for them in the cost of the goods he buys. They are definitely a part of the farmer's price, but he receives them only if he adjusts his productive effort to the level that is best for his industry.

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF THE HISTORY OF ARTS
AND ARCHITECTURE
1100 EAST 58TH STREET
CHICAGO, ILLINOIS 60637

1977-1978

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"Benefit payments are playing a major role in this year's increase in farm income. It now appears that farm cash income for 1934 will total 6 billion dollars. That is a billion dollars more than the 1933 cash income. Benefit payments will account for 520 million dollars - more than half of the total increase.

"The program for liquidating the consequences for the drought has been broadened from time to time to include other steps. The drought sharply curtailed feed supplies. It reduced feed to a point inadequate to maintain the large numbers of livestock on the farms. Two methods of helping the farmer were open. One was through the purchase and utilization of livestock which otherwise would have died from thirst or starvation. The other was through conserving feed supplies so as to maintain foundation herds on the farm. Both methods have been employed by the Government. The Adjustment Administration has purchased nearly 7,000,000 cattle and 2,000,000 sheep, keeping these animals out of regular markets where prices would inevitably have collapsed if the Adjustment Administration had not been able to buy them, and if emergency relief had not been able to process them for free distribution among relief families. At the Government's suggestion, freight rates have been lowered to encourage the movement of cattle to available pasture, and feed into deficiency areas.

"To conserve feed, the use of both contracted and non-contracted acres for planting of late forage was encouraged. Areas yielding tons of feed supplies were sown in June. A program of encouraging farmers to harvest fodder, stover and soy bean hay was worked out. Funds obtained by farmers from emergency cattle sales placed them in a better position to maintain their remaining animals.

"But in spite of these steps, all of the consequences of the drought have not yet been liquidated. Through the coming winter it will be essential to press our efforts to conserve feed supplies. The emphasis now must be not on buying more cattle, but on maintaining on farms all possible numbers of beef and dairy animals.... To some extent the drought served as a culling program. The reduction of poor stock was greater than the reduction of good stock. The emergency buying program did not make enough distinction in prices between good and poor stock to encourage farmers to dispose of good animals. With feed prices high, farmers are keeping their best animals which can utilize expensive feed more efficiently than poor stock can.

"We are now concerned with assuring the preservation of the livestock industry. In this the individual ingenuity of farmers themselves, which already has been demonstrated in many ways during the drought, will be challenged. A difficult problem of the future will be the maintenance of a balance between feed supplies and livestock numbers, so as to avoid the cycles of low prices and livestock which have distressed farmers in the past. Reserves of feed and forage must be restored without setting out again on the road toward another disastrous adventure in piling up surpluses.

"A favorable adjustment of supplies with markets has been reached. From this point on, the problem is to maintain this balance, increasing our production in step with advancing consumer buying power. Through individual farm management and through cooperative control of the industry, farmers can now build on a sound economic foundation."

11. 1. 1927.

Journal of Management Education 30(6)p. 789-804
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FIRST CORN-HOG PAYMENTS NEARING COMPLETION

First installment checks averaging more than \$90 apiece and totaling approximately \$114,654,000 had been mailed up to October 10 to 1,249,600 contract signers cooperating in the 1934 corn-hog program, Dr. A. G. Black, chief of the Adjustment Administration's corn-hog section, has announced in a preliminary report.

Only a little over \$18,000,000 of the estimated total of \$133,000,000 of the first payment to corn-hog contract signers remains to be paid. Payments now have been made on more than 948,790 contracts. Through October 11 over 136,000 early payment contracts had been received from 545 counties and released for payment and 980,862 contracts of the regular payment type had been approved for payment to producers in 2,525 counties.

The preliminary report shows that payments up to October 7 were made to producers in 46 states, as follows:

Alabama, \$190,901; Arizona, \$17,168; Arkansas, \$422,533; California, \$795,826; Colorado, \$275,751; Connecticut, \$19,969; Delaware, \$12,883; Florida, \$124,362; Georgia, \$69,016; Idaho, \$37,161; Illinois, \$9,473,309; Indiana, \$8,858,850; Iowa, \$28,632,396; Kansas, \$6,588,469; Kentucky, \$170,452; Maryland, \$194,803; Massachusetts, \$161,305; Michigan, \$495,595; Minnesota, \$7,594,178; Mississippi, \$13,261; Missouri, \$10,397,328; Montana, \$155,345; Nebraska, \$10,823,718; Nevada, \$25,495; New Hampshire, \$10,103; New Jersey, \$471; New Mexico, \$113,759; New York, \$40,970; North Carolina, \$190,992; North Dakota, \$714,948; Ohio, \$7,171,893; Oklahoma, \$1,275,130; Oregon, \$50,214; Pennsylvania, \$31,337; Rhode Island, \$2,140; South Carolina, \$34,329; South Dakota, \$5,353,219; Tennessee, \$798,533; Texas, \$1,624,990; Utah, \$77,497; Vermont, \$9,462; Virginia, \$664,367; Washington, \$305,339; West Virginia, \$90,254; Wisconsin, \$3,196,069; Wyoming, \$85,022.

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OVER \$294,000,000 IN RENTALS AND BENEFITS TO FARMERS

A total of \$294,809,568 had been added to farm income in 1933 and 1934 in rental and benefit payments disbursed up to September 1, to farmers cooperating in the adjustment programs for wheat, cotton, tobacco, corn and hogs, according to the monthly report issued by the Comptroller of the Agricultural Adjustment Administration.

From September 1, the date of the monthly report, to October 5, farmers received checks for rental and benefit payments approximating \$58,000,000, bringing the total of rental and benefit payments to around \$352,000,000.

Also contributing to farm income are expenditures totaling \$101,308,068 for the purchase of surplus hogs, butter, cheese and cattle; in export operations for wheat, and in conservation of seed, as shown in the monthly report. Of that sum, \$45,489,408.51 was disbursed for hogs, \$57,110,164.18 for cattle, \$11,549,439.49 for butter and cheese, \$5,393,143.07 for wheat exporting, and \$1,765,913.58 for seed.

ORIGINAL ARTICLES

THE EFFECT OF THE INFLUENZA VIRUS ON THE RESPIRATORY TRACT
J. H. HAY, M.D., CHICAGO, ILL.
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Of the rental and benefit payments disbursed to date of the report, producers, participating in the cotton program have received \$152,903,516; wheat producers, \$70,505,594; tobacco producers, \$15,978,733, and corn-hog producers, \$55,421,723.

These payments represent partial distribution of approximately \$799,000,000 in rental and benefit payments due under 3,000,000 contracts signed by farmers. Rental and benefit figures, however, do not include transactions in distribution of profits or advances on cotton options, either exercised or through participation in the cotton pool, as these are included in a separate report.

It is estimated that benefit payments from September 1 to the end of the calendar year will further add approximately \$300,000,000 to farm income, while the Government's program of purchasing cattle and sheep will add approximately \$103,000,000.

These payments are included in the estimate of the Bureau of Agricultural Economics which places cash income of farmers for the calendar year of 1934 at approximately \$6,000,000,000 as compared with \$5,000,000,000 income in 1933, and 4-1/3 billion in 1932.

In 24 states where drought has affected crops, the disbursement of benefit payments amounts to \$242,942,882 to September 1. Payments already disbursed, and those to be made within the next few months, combined with drought cattle-buying, will play a large part in maintaining farm income in drought areas, particularly in regions where crops were almost entirely destroyed.

The expenditures for removal of surplus for the most part reflect payment for commodities purchased by the Adjustment Administration to remove excessive supplies from the market and donated to the Federal Surplus Relief Corporation for distribution through relief channels. Exceptions to this method of handling are wheat, in which case the expenditure of \$5,393,143 represents payment of the differential between the domestic price and the world price, to allow the exportation of a regional surplus of wheat in the Pacific Northwest; and \$253,648 listed as spent through the Washington office for cattle, represents the payment of indemnities through the Bureau of Animal Industry for the eradication of Bang's disease and bovine tuberculosis in cattle, under the plan and appropriation of the Jones-Connally Act.

The total of \$1,765,913 listed as spent for seed, represents the purchase of adapted varieties of seeds as a part of the program to conserve supplemental supplies of superior varieties, thus preventing their dissipation through feeding and mixing in drought areas, and assuring a nucleus for future supplies of such seeds.

Rental and benefit payments by states through August 31 follow:

State	Total	Cotton	Wheat	Tobacco	Corn-Hogs
Ala.	\$ 13,577,647.35	\$ 13,390,044.41	\$	1,566.00	\$ 186,036.94
Ariz.	571,032.59	538,531.64	15,332.95		17,168.00
Ark.	15,017,058.20	14,783,696.81	1,945.00	180.00	231,236.39
Calif.	2,192,406.13	607,028.48	915,116.46		670,261.19
Col.	1,633,040.17		1,538,907.33		94,132.84
Conn.	284,229.66			284,229.66	
Del.	78,734.74		78,176.59		558.15
Fla.	625,805.58	361,204.79		184,803.72	79,797.07
Ga.	12,985,558.47	11,546,120.09	5,332.79	1,432,820.04	1,285.55
Idaho	2,430,963.42		2,419,900.92		11,062.50
Ill.	2,856,627.27		1,805,526.73	267.95	1,050,832.59
Ind.	6,327,132.35		1,409,466.94	72,246.03	4,845,419.38
Iowa	15,283,866.10		305,893.47		14,977,972.63
Kan.	20,947,587.87	3,052.00	17,408,817.39	2,958.00	3,532,760.48
Ky.	2,788,558.98	64,450.76	186,547.68	2,537,251.08	309.46
La.	7,202,429.86	7,202,429.86			
Md.	658,269.10		575,800.49	36,235.00	46,233.61
Mass.	257,897.88			108,921.88	148,976.00
Mich.	642,967.09		601,630.64		41,336.45
Minn.	<u>5,116,850.32</u>		<u>1,336,338.41</u>	27,807.94	3,752,653.97
Miss.	<u>14,521,429.42</u>	<u>14,521,429.42</u>			
Mo.	10,488,116.58	2,471,769.51	1,131,698.93	49,941.05	6,834,707.09
Mont.	4,634,914.66		4,564,488.63		70,426.03
Nebr.	9,974,724.80		4,242,441.17		5,732,283.63
Nev.	46,301.25		21,134.60		25,166.65
N.H.	3,891.69			2,423.69	1,468.00
N.J.	<u>8,915.82</u>		8,915.82		
N.Mex.	1,009,927.65	603,472.15	350,342.75		56,112.75
N.York	64,135.73		31,990.26	26,557.98	5,587.49
N. C.	10,337,038.81	4,845,057.93	38,922.66	5,453,411.56	646.66
N.Dak.	10,490,032.98		10,417,506.84		72,526.14
Ohio	8,454,594.63		1,253,632.54	477,224.06	6,723,738.03
Okla.	19,203,971.12	14,231,835.82	4,880,453.39		91,681.91
Ore.	1,869,074.14		1,869,074.14		
Penn.	739,228.26		196,954.38	542,273.88	
P.Rico	1,158,051.50			1,158,051.50	
R.I.	36.84				36.84
S.C.	9,024,247.46	7,249,212.82		1,775,034.64	
S.Dak.	6,958,877.69		3,640,443.98		3,318,433.71
Tenn.	<u>5,461,444.08</u>	4,683,260.22	90,948.75	624,293.34	62,941.77
Texas	59,818,355.07	55,567,670.89	3,836,144.50		414,539.68
Utah	527,434.97		478,332.37		49,102.60
Vt.	4,433.33			2,833.33	1,600.00
Va.	1,855,743.15	233,248.66	401,844.42	639,311.09	581,338.98
Wash.	4,332,336.80		4,073,481.55		258,855.25
W.Va.	146,958.67		53,846.20	33,386.88	59,725.59
Wis.	1,907,629.35		29,153.97	505,703.40	1,372,771.98
Wyo.	289,058.54		289,058.54		

Totals \$294,809,568.12 \$152,903,516.26 \$70,505,594.18 \$15,978,733.70 \$55,421,723.98

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TO CONSERVE SUPPLIES OF SEED CORN

A plan for the optional purchase of certain quantities of seed quality corn, to be selected as needed from corn sealed on farms under Commodity Credit Corporation loans, has been announced today by the Adjustment Administration.

Under the plan, approved by Secretary of Agriculture Henry A. Wallace, producers having seed quality corn under seal as security for 55-cent corn loans functioned through the Commodity Credit Corporation, would be encouraged to hold sufficient quantities of such corn exclusively for seed uses. The Adjustment Administration is authorized to place selected corn under option contract, and farmers with whom options are negotiated will receive an advance option payment of 20 cents a bushel.

The option contract to be offered to owners of sealed corn provides that the owner agrees to sell the seed corn to the Adjustment Administration at \$1 a bushel on or before May 1, 1935. The option may be exercised by the Administration to acquire the seed corn, or, in the case of local demand, producers may obtain written authority to sell the corn to private individuals, for seed use only, in which case the 20 cents a bushel advance is to be repaid by the producers to the Adjustment Administration.

The Commodity Credit Corporation, through which the 55-cent per bushel corn loans are made on sealed corn, will also act as the fiscal agent of the Adjustment Administration in the optional purchase of seed corn, and will disburse the option advances to farmers whose corn is selected for optional purchase, through an allocation of \$500,000 made to it by the Adjustment Administration for this purpose. This option purchase fund is available from the \$25,000,000 allocated to the Adjustment Administration for seed conservation from the Emergency Appropriations Act.

Before corn can be accepted for option, it must be inspected and approved as seed quality by representatives of the Administration, and options will be offered only upon required quantities of corn coming up to seed quality and held under storage conditions that will preserve its qualities as seed.

In the case of options exercised by the Adjustment Administration, producers will receive settlement for the balance of the \$1-per bushel purchase price, above the amount of the 55-cent loan and the 20-cent option advance, or a net payment of 25 cents a bushel.

Should farmers whose corn has been optioned obtain authorization to sell such corn to individuals for seed purposes, the matter will be handled in accordance with established procedure, the producer repaying the loan of 55 cents a bushel to the Commodity Credit Corporation, and the 20-cent per bushel advance.

Should the Adjustment Administration fail to exercise its option before May 1, the producer may retain the advance, but will be under obligation to repay the balance due on his corn loan before the corn can be unsealed.

It was pointed out by officials that loans must be held by the Commodity Credit Corporation to be eligible for the advance.

In cases where local banks hold the corn-loan paper, such paper must be transferred to the Commodity Credit Corporation before the Adjustment Administration can option the corn.

Under the option plan, it is believed by officials that not only will the dissipation of valuable seed stocks be prevented, but that such stocks can be held in farmers' hands, without storage charges, and that also such seed as may be placed under option can be distributed more cheaply and in areas to which it is best adapted.

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BANKHEAD ACT COTTON ALLOTMENTS NEAR COMPLETION

The allotment of permanent tax-exemption certificates under the Bankhead Cotton Control Act has been completed in Alabama, Arkansas, Florida, Louisiana, South Carolina, Texas and Virginia, and distribution of the special 10 percent reserve, already completed in Florida, is going rapidly forward in the other six states, the Adjustment Administration has announced.

Three other states--Georgia, Mississippi and Oklahoma--have advised the AAA Cotton Production Section that distribution of county allotments will be completed within a few days and that work then will begin on the allotment of the 10 percent reserve. Georgia has completed 108 counties and Oklahoma 22 counties. North Carolina, which has completed allotments in all but seven counties, is expected to finish at an early date.

Four states--Arizona, California, Missouri and Tennessee--issued no interim certificates and split up the making of their permanent allotments, so that each county could be given a portion without delay. These states are completing the final issue. All except seven of the cotton-growing counties in Tennessee and six of the nine cotton-growing counties in Missouri have received their full county allotments.

New Mexico advised the Cotton Production Section that its report would be delayed a few days. In all counties where permanent certificates have not been allotted, interim certificates, which are just as acceptable in payment of the ginning tax, are available.

The special reserve, provided for in the Bankhead Act, is 10 percent of the total amount of cotton allotted to each state. This reserve is in addition to the amounts already apportioned to the counties, and was designed to correct inequities arising in individual cases due to special conditions which are shown to exist on individual farms. No additional applications will be required in connection with this reserve, as the applications already submitted or which are being submitted, contain all the necessary information upon which to make the distribution.

This 10 percent reserve may be distributed within a state without regard to county lines, but it cannot be apportioned until all individual applications from all the counties in a state have been received. For this reason, and where the 10 percent has not already been allotted, state allotment boards have been urged to speed up the making of individual county allotments, so that the 10 percent reserve may be distributed.

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NEW AUTHORIZATIONS TO CLOSE DROUGHT CATTLE BUYING

Authorizations to purchase approximately 646,700 cattle in drought states, issued October 10 by the Adjustment Administration, will bring the cattle buying program to a close. The estimated number of cattle that may be acquired under the new allocations, which are in addition to those cattle purchased under authorizations expiring on or before October 13, by states, are as follows: Colorado, 60,000; Kansas, 60,000; Missouri, 85,000; Nebraska, 60,000; Nevada, 5,000; New Mexico, 115,000; Oklahoma, 60,000; South Dakota, 26,700; Texas, 125,000; Utah, 10,000; and Wyoming, 40,000.

The additional authorizations issued will bring the total number of cattle acquired in operations to remove livestock from feed deficit areas to approximately 7,737,000 head, and will bring Adjustment Administration expenditures for purchase and benefit payments in connection with the entire cattle-buying program to approximately \$103,000,000.

Since September 28, when quotas expiring October 13 were issued, directors in charge of cattle purchases in states, have been limiting buying operations to the most distressed areas, and county directors have been authorized to buy stock only from producers definitely unable to provide adequate feed for livestock.

Up to October 8, the Adjustment Administration had acquired a total of 6,427,180 drought cattle. Through October 8, vouchers had been certified for payments totaling \$72,731,000, of which \$45,916,587 represents purchase payments, and \$26,814,821 represents benefit payments to producers. Payments have been certified covering the purchase of 5,391,332 head.

Cattle purchases by the Adjustment Administration, to remove cattle from drought areas, where feed supplies are inadequate because of the drought, are being financed by allocations from the Jones-Connally Act funds, and the Emergency Appropriations Act.

The purchase of sheep and goats in the drought area is being carried on under a fund of \$10,000,000 made available from emergency appropriations. To date (October 6) a total of 1,910,513 ewes, had been purchased, for which payment is being made at the rate of \$2 per head.

All cattle and sheep acquired, and suitable for processing, are being converted into food for relief distribution. Up to October 8 a total of 3,772,137 cattle had been shipped out of drought areas and 1,234,217 of these placed on pasture, prior to processing, in non-drought areas.

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ST. LOUIS MILK LICENSE AMENDED

An amendment to the amended license for the St. Louis, Mo., milk sales area was signed by Secretary Wallace and became effective October 10. It does not alter prices paid to producers but clarifies the rates given in the license for deductions on transportation charges for milk brought to the city, and provides that all deductions from all producers for services must be paid to the market administrator.

The new transportation deductions stated in the amendment are: On Class 1 and Class 2 milk delivered to plants located within 20 miles of the city hall, 16 cents per hundredweight; more than 20 miles and not more than 30 miles distant, an additional 2 cents extra per hundredweight; more than 30 miles but not over 40 miles, another 2 cents additional per hundredweight; and within but not exceeding each extra 10 miles beyond the 40-mile zone, 1 cent additional per hundredweight.

Distributors under the amendment will be obliged to pay 3 cents a hundredweight on all milk direct to the market administrator for market information, supervision of weights and tests, and the maintenance of a reserve fund for protection against failure of distributors to make payments for milk. The market administrator will pay over to the Sanitary Milk Producers, Inc., such amounts as are deducted from payments for milk delivered by its own members. In return for this, the Sanitary Milk Producers, Inc., agrees to keep its books and records in a satisfactory manner, and to furnish such reports as the administrator may request.

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PEANUT ADJUSTMENT PROGRAM TO BENEFIT PRODUCERS

Market prices for the 1934 peanut crop above \$59 a ton for Spanish peanuts, \$56 a ton for Virginias and \$50 a ton for Runners are expected to result from the recently announced peanut adjustment program, officials of the Adjustment Administration have estimated. All producers will benefit from these prices, which are substantially higher than prices probably would be without the program. In addition, producers who sign and carry out agreements to adjust 1935 peanut acreage will receive \$8 on each ton of peanuts harvested in 1934. Thus growers who take part in the program will receive more than those who do not.

The program is designed not only to adjust the acreage planted to peanuts in 1935, but also to adjust the supply of peanuts from the 1934 crop available for cleaning and shelling to a quantity which will be used by the cleaning and shelling trade at satisfactory prices.

The adjustment of peanut acreage in 1935 will be brought about through contracts with individual growers. A grower who signs a contract will agree to plant in 1935 an acreage of peanuts not more than (a) 90 percent of the acreage planted in 1933; or (b) 90 percent of the acreage planted in 1934; or (c) the average acreage planted in 1933 and 1934.

In giving each grower his choice of these three methods of determining his allotted acreage, the contract is flexible enough to fit satisfactorily the different conditions existing on different farms. Benefit payments for making this adjustment in 1935 acreage will be made at the rate of \$8 a ton on the total quantity of peanuts harvested in 1934. This will not include peanuts which are hogged down or left in the ground. The benefit payments will be made after the 1935 acreage is checked and the producer has established compliance with his agreement.

To adjust the supply of peanuts for cleaning and shelling from the 1934 crop, it is planned to encourage the use of peanuts as feed for livestock or in the manufacture of peanut oil. The plan will result in diverting to oil or feed enough of the 1934 crop to enable growers to sell what is left at satisfactory prices for cleaning and shelling.

The first feature of this plan is available to growers who sign production adjustment contracts. Each signer will be eligible to receive payments for diverting up to 20 percent of his 1934 crop to oil or feed, but diversion is not required. These payments will be in addition to the benefit payments for acreage adjustment. The rate of the diversion payments made directly to contracting growers is \$20 a ton for Virginia type peanuts, \$15 a ton for Spanish, and \$10 a ton for Runners.

In order to obtain these payments, the grower will be required to submit satisfactory evidence that he has made the diversion to oil or to feed. Satisfactory evidence of diversion to oil will be an agreement, signed by the oil crusher to whom the peanuts are sold, to use the peanuts for oil only. Forms for these agreements will be furnished by the Adjustment Administration.

Payments for diversion to feed will be made only on peanuts that are baled without being separated from the vines and are either used or sold for feed under regulations to be announced by the Administration.

Contracting growers will not be required to take part in the plan for diverting peanuts to oil and feed, and they will not be paid for diverting more than 20 percent of their crop, although they may, if they choose, divert a larger proportion. Contracting growers will be eligible for payments for diversions made only through one of the following methods: (a) sale for oil, (b) use for feed, (c) sale for feed. Diversion payments to contracting growers under this plan will be made at the same time as the benefit payment for adjusting 1935 acreage.

The second form of the plan for adjusting the 1934 supply is available to all growers, and operates through manufacturers of peanut oil, instead of directly to growers. Payments under this diversion plan will be made to oil manufacturers who, in turn, will pass these on to growers in the form of increased prices for peanuts which they purchase. The oil manufacturer will receive payments at the rate of \$16 a ton for Virginias, \$12 a ton for Spanish, and \$8 a ton for Runners. These payments will be made to the oil mill on all 1934 farmers' stock purchased after October 1 and crushed for oil, except those peanuts for which diversion payments are to be made direct to growers.

That is, if the oil miller purchases from the contracting grower under a written agreement to use peanuts for oil, the diversion payment goes to the grower and not to the crusher; whereas, on farmers' stock peanuts purchased from any person without such an agreement payments will go to the oil miller. This will mean that the oil miller will pay a higher price for peanuts purchased without a diversion agreement than he will for peanuts purchased under such agreement.

In the first case, the grower will get part of his return in payments direct from the Adjustment Administration, while in the second case the full return for the crop will be received directly from the miller.

This second feature of the diversion plan is now in operation, and has resulted in increased prices being paid for peanuts by oil manufacturers. Based on the present value of oil, the rate of payment now in effect tends to establish the price at the oil mill somewhat above \$59 a ton for Spanish peanuts, \$50 a ton for Runners, and \$56 a ton for Virginias.

Under the plan, each contracting grower has the choice of the following methods of selling his 1934 crop:

1. He may sell it all to a sheller, all to an oil crusher, or part to a sheller and part to a crusher, and receive his full returns at the time of sale.
2. He may sell up to 20 percent of his crop to an oil crusher and obtain a diversion agreement from the crusher. On this part the grower would get only the oil value of the peanuts at the time of sale and later would get diversion payments direct from the Agricultural Adjustment Administration. The grower may sell the other 80 percent or more of his crop to a sheller, or to a crusher, or part to each and receive full return at the time of sale.
3. He may sell up to 20 percent of his crop for feed under regulations to be issued by the Adjustment Administration and to purchasers approved by the Adjustment Administration. On this part the grower would get the feed value of the peanuts at the time of sale and later would get diversion payments direct from the Adjustment Administration. The grower may sell the other 80 percent or more of his crop in any manner and receive full return at the time of sale.
4. He may use up to 20 percent of his crop for livestock feed on his farm under regulations to be issued. On these peanuts he would receive diversion payments from the Adjustment Administration. The rest of the crop may be sold with the grower receiving his full return at the time of sale.

Adjustment contracts and forms for diversion agreements between growers and crushers will be made available through county agents and grower committees.

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PEANUT OIL MAKERS TO PAY HIGHER PRICES TO GROWERS

Peanut oil manufacturers will be able to offer higher prices for farmers' stock peanuts this season than last by passing on to growers payments to be made under the peanut adjustment program announced by the Agricultural Adjustment Administration.

The program includes a plan for adjusting the supply of peanuts available for cleaning and shelling from the 1934 crop by making payments to encourage use of farmers' stock peanuts in the manufacture of peanut oil. This plan is available to all growers. In addition to increased prices, growers who sign contracts to adjust their acreage in 1935 will receive benefit payments and will be eligible to receive diversion payments.

Payments to oil manufacturers will be made on all 1934 farmers' stock peanuts purchased after October 1, 1934, and used for oil, except those peanuts which manufacturers purchase from contracting growers and on which the growers elect to receive diversion payments direct from the Adjustment Administration. The rates of payments to oil manufacturers are \$16 a ton for Virginia type peanuts, \$12 a ton for Spanish and \$8 a ton for Runners. These rates may be changed during the season if oil prices should advance materially or if a change is necessary in order to establish satisfactory prices to growers. The rates announced, however, will continue at least through the month of October.

Payments to oil manufacturers probably will be made each month on peanuts crushed during the preceding month. Forms will be furnished for use in reporting the quantities of farmers' stock peanuts used. In order to fill out these forms properly and have them verified, it will be necessary for each manufacturer to keep a complete record of his purchases and usings of peanuts, showing names and addresses of persons from whom purchased, quantities, grades and types purchased, and amounts paid.

This plan enables oil manufacturers to increase prices paid for farmers' stock peanuts above their value for oil by the amount of the payments available under the plan. Based on present prices for peanut oil, these payments will tend to establish farmers' stock peanuts above the following prices: Runners, \$50 per ton, Spanish, \$59 per ton, and Virginias, \$56 per ton.

Diversion agreements with contracting growers will be used in all cases where growers who have signed peanut production adjustment contracts wish to divert part of their crop to oil at the oil market value and receive diversion payments direct from the Adjustment Administration rather than through the oil millers. Under this part of the diversion plan, each contracting grower may receive these payments on not more than 20 per cent of his 1934 crop. The rates of the payments made direct to growers are \$20 a ton for Virginias, \$15 a ton for Spanish, and \$10 a ton for Runners.

In order to take advantage of this part of the diversion plan, the contracting grower is required to sell that portion of his crop direct to oil manufacturers and to obtain from these manufacturers written agreements that the peanuts will be used for the production of peanut oil only. The necessary forms for these agreements will be furnished by the Adjustment Administration.

Growers who sign production adjustment contracts will not be required to make any diversion in this manner. They may, if they wish, sell their entire crop to oil manufacturers without any diversion agreement, and receive their full return at the time of sale; or they may sell part under diversion agreements and the remainder without agreements.

The plan does not require that any farmers' stock peanuts be sold to oil manufacturers. The quantity which will go to this use will be determined by the prices which cleaners and shellers offer for farmers' stock peanuts. The plan assures growers that, regardless of what cleaners and shellers offer, there will be a market for their crop at prices substantially higher than oil market values.

RICE GROWERS' PRICES ADVANCED

Amendments to the amended license for the Southern rice industry and an order of the Secretary under the California rice industry agreement have been signed by Secretary Wallace, and will become effective October 15. Increased minimum prices for 13 specified varieties of rough rice defined in the Southern rice agreement and license, an advance in the price for extra fancy Japan clean rice in the California rice agreement, and a reduction in the conversion charges per barrel on rough rice at mills under the Southern rice license are provided for.

The amendment and the Secretary's order relative to minimum prices to growers for the grade of rough rice called No. 1 prime, a milling quality on the basis of a barrel of 162 pounds, under the Southern agreement and license, advances the schedule as follows:

Early Prolific and Japan \$2.90 instead of \$2.75 and \$2.85 per barrel, respectively, as before; with one additional variety, shoamed, added, at a minimum price of \$2.90; Blue Rose type Prolific, a new addition to the list, \$3.10 per barrel; Blue Rose, \$3.30 instead of \$3.15 per barrel; Louisiana Pearl, \$3.15 instead of \$3.00 per barrel; Lady Wright and Early Wright, \$3.30 instead of \$3.15 per barrel; Edith, \$3.60 instead of \$3.40 per barrel; Stormproof, \$3.60 instead of \$3.40 per barrel; Fortuna and No. 2702, Nira, \$3.65 instead of \$3.45 per barrel; and Roxoro, \$3.70 instead of \$3.50 per barrel.

The price declared for clean extra fancy Japan California rice is defined in the order at \$3.95 per 100 pounds, f. o. b. San Francisco, instead of \$3.60 as previously listed. This order was issued as provided for in the agreement for the California rice industry.

The Southern rice industry order and amendment to the license reduce the conversion charge on rough rice from 79 cents to 50 cents a barrel, with no allowance included for cost of containers. The original license allowed containers cost of 9 cents a barrel of rough rice and 5 cents extra for cotton and burlap linings and slips for clean rice, in addition to the conversion charge.

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SUGAR QUOTAS DETERMINED FOR FOREIGN COUNTRIES

A determination of the 1934 sugar quotas for United States consumption for 28 foreign countries, other than Cuba, under the provisions of the Jones-Costigan Act, has been announced by the Adjustment Administration. The total allotment amounts to 17,000 tons of sugar, raw value, with 100 tons of this amount held in reserve.

It was pointed out that sugars arriving from foreign countries for refining and re-export, on which drawback is allowed under the Tariff Act of 1930, are not included in the quotas under the provisions of the Costigan-Jones Act.

The regulation fixing the quotas was signed by Acting Secretary of Agriculture M. L. Wilson, and issued as a supplement to General Sugar Quota Regula-

tions, Series 1; in which off-shore sugar producers received their quotas under the Act. Quotas of sugar for the 23 countries made from sugarcane or sugar beets which may be shipped to the continental United States for consumption during 1934, expressed in pounds of sugar, raw value, are as follows:

Belgium, 201,141.35 pounds; France, 119.7 pounds; Germany, 79.8 pounds; Netherlands, 148,897.11 pounds; United Kingdom, 239,657.50 pounds; Canada, 385,599.19 pounds; Costa Rica, 14,076.82 pounds; Guatemala, 228,884.42 pounds; Honduras, 2,345,946.70 pounds; Nicaragua, 6,985,419.88 pounds; Salvador, 5,610,027.58 pounds; Mexico, 4,122,412.12 pounds; Dominican Republic, 4,557,491.06 pounds; Dutch West Indies, 3.99 pounds; Haiti, 629,865.97 pounds; Colombia, 182.34; Argentina, 9,962.50 pounds; Brazil, 817.95 pounds; Peru, 7,595,795.36 pounds; Venezuela, 198,198.50 pounds; British Malaya, 17.96 pounds; China, 55,080.95 pounds; Hong Kong, 141,826.77 pounds, Netherlands and East Indies, 144,467.77 pounds; Japan, 2,739.75 pounds; Australia, 139.65 pounds; Italy, 1,197.01 pounds and Czechoslovakia, 179,950.30 pounds; Total allotted, 33,800,000 pounds; reserves unallotted, 200,000 pounds.

The regulations specify that arrivals in the United States during 1934 prior to the date of the regulations will be charged against the respective quotas for the various countries named.

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HEARING TO AMEND NORTHWEST FRUIT AGREEMENT AND LICENSE

A public hearing on proposed amendments to the marketing agreement and license for handlers of northwest fresh deciduous tree fruits grown in the states of Washington, Oregon, Montana and Idaho will be held October 23 at Spokane, Wash, the Agricultural Adjustment Administration has announced.

Three amendments have been proposed by the control committee of the marketing agreement and license for the industry. The hearing will be open to a consideration of further proposals of the industry. The proposed amendments consist of provisions to change the manner of selecting the control committee; eliminating of proration, and distributing payment for reports by the Market News Service of the Bureau of Agricultural Economics.

Under the present agreement, a majority of members of the control committee are selected by the Northwest Fruit Industries, Inc., an organization of shippers formed to handle the administration of the agreement. The remainder of the committee members are selected through a vote by the non-members of the organization. The amendments propose that the selection by the organization be eliminated and that all members of the control committee be selected by districts at a general election in which all licensees of the district may participate, votes being on a tonnage basis.

The amendments also propose that the proration or limitation of shipments on all fruits be eliminated, and that daily reports of shipments and prices by the Market News Service of the Bureau of Agricultural Economics of the Department of Agriculture be distributed to each licensee, the charge made for the service to be paid by the control committee.

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PASTURES IMPROVED BY RAIN INCREASE MILK PRODUCTION

In its report as of October 1, the Crop Reporting Board of the Bureau of Agricultural Economics of the United States Department of Agriculture points out that pastures improved markedly during September, particularly in most of the area from New York and Maryland westward into Minnesota, eastern Nebraska and Kansas, and Arkansas, Oklahoma and northern and eastern Texas. However, except along the Atlantic Coast, pasture conditions were mostly below average. In the country as a whole the condition of pastures on October 1 was reported as 54.0 percent of normal compared with 65.6 percent last year, 56.1 in 1930, the next lowest on record, and an average of 74.0 during the ten years 1922 to 1931. In the whole area from the Mississippi River westward, pastures are still exceedingly poor and in most States in this area pasture and range conditions are much poorer than in any other year for which October 1 records are available.

With pastures showing record improvement during September, milk production per cow has been well maintained and on October 1 was averaging about 1 percent above production on that date last year. However, the heavy culling and marketing of milk cows during the past few months has left fewer milk cows on farms than a year ago. This decrease in milk cow numbers has apparently more than offset the increase in production per cow, and total daily milk production on October 1 appears to have been averaging 1 to 2 percent below production on that date last year. In much of the area eastward from the Eastern Corn Belt States pastures on October 1 were better than they have been at any time since early spring and the improvement in pastures during September has been an important factor in holding milk production at a relatively high level compared with recent years, offsetting in part the effect of fewer fall fresh cows.

Compared with last year, increased production per cow in this area and in the South Atlantic States, where pasture conditions were better than on October 1 last year, more than offset the very low production in the worse drought areas. In the country as a whole, crop correspondents were securing a daily average of 12.09 pounds of milk per cow on October 1 compared with 11.98 pounds last year, 12.12 pounds on October 1, 1932, and an average of 12.66 pounds during the previous 5 years. In all groups of States, a larger proportion of cows were being milked than in any recent year. Correspondents report 70.3 percent of their milk cows being milked on October 1 compared with 69.4 percent last year, 69.2 percent on October 1, 1932, and a previous high of 70.3 percent in 1928.

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